



Economics

Year 12 Half Yearly Examination 2009

Number _____

Instructions

- Reading time – 5 minutes
- Write using blue or black pen
- Board-approved calculators may be used

Section I

10 marks

- Attempt Questions 1–10
- 10 multiple-choice questions
- Allow about 15 minutes for this section

Section II

30 marks

- Attempt Questions 11-13
- Three multiple part questions
- Allow about 45 minutes for this section

Section III

20 marks

- Attempt **either** Question 14 **or** Question 15
- Allow about 30 minutes for this section

Length: One and a half hours

SECTION I

10 marks

Attempt questions 1-10

Allow about 15 minutes for this section

Circle the letter corresponding to the most appropriate answer

1. Which of the following are economies in transition?

- a. USA, Japan, Germany
- b. Singapore, Taiwan, South Korea
- c. Russia, Poland, Hungary
- d. India, Nigeria, Mozambique

2. Which of the following trade agreements is bilateral?

- a. World Trade Organisation
- b. NAFTA
- c. EU
- d. ANZCERTA

Question 3 is based on the Balance of Payments data in the following table

Balance of Payments (\$m)	
Exports	62,317
Imports	61,254
Net Services	-5,842
Net Income	-21,536
Net Unrequited Transfers	3,011

3. What would the Balance on the Capital and Financial Account be under a free floating exchange rate?

- a. \$23,304m surplus
- b. \$23,304m deficit
- c. \$27,378m surplus
- d. \$27,378m deficit

4. Which type of protection leads to an increase in the supply of a protected good or service?

- a. subsidy
- b. tariff
- c. quota
- d. quarantine restrictions

Questions 5 and 6 are based on the following data for a hypothetical economy

Year	Terms of Trade Index
1	100
2	80
3	108

5. What does the data indicate about the economy's terms of trade between Year 1 and Year 2?
- The terms of trade have improved
 - The terms of trade have deteriorated
 - The economy could buy more imports with the same volume of exports
 - The terms of trade have had no impact on the nation's trade
6. What has happened to the terms of trade from Year 2 to Year 3?
- improved by 8%
 - improved by 28%
 - improved by 35%
 - improved by 108%
7. Which of the following is affected by foreign tourists visiting Australia and the level of Australian exports?
- supply of Australian dollars
 - demand for Australian dollars
 - demand or supply of Australian dollars
 - ability of firms to invest overseas
8. What is the primary reason for the Reserve Bank to involve itself in the foreign exchange market?
- Influence speculators
 - Reduce the volatility of the Australian dollar
 - Influence interest rates
 - Increase the competitiveness of Australian exports
9. Which of the following is an example of a multilateral approach to reducing world trade protection?
- Closer Economic Relations Trade Agreement (CERTA)
 - World Trade Organisation (WTO)
 - International Monetary Fund (IMF)
 - North Atlantic Treaty Organisation (NATO)

10. Which of the following most likely indicates a trend towards greater globalisation?

- a. Increases in the volatility of world interest rates
- b. Increases in the value of global trade as a proportion of total output
- c. Increases in the trade barriers between countries
- d. Increases in the growth rates of developing nations

SECTION II

20 marks

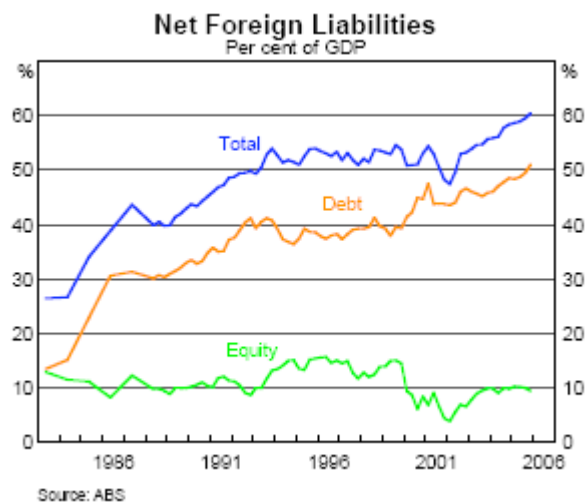
Attempt Questions 11-13

Allow about 40 minutes for this section

Answer the questions in the spaces provided.

Question 11 (10 marks)

Australia's Net Foreign Liabilities

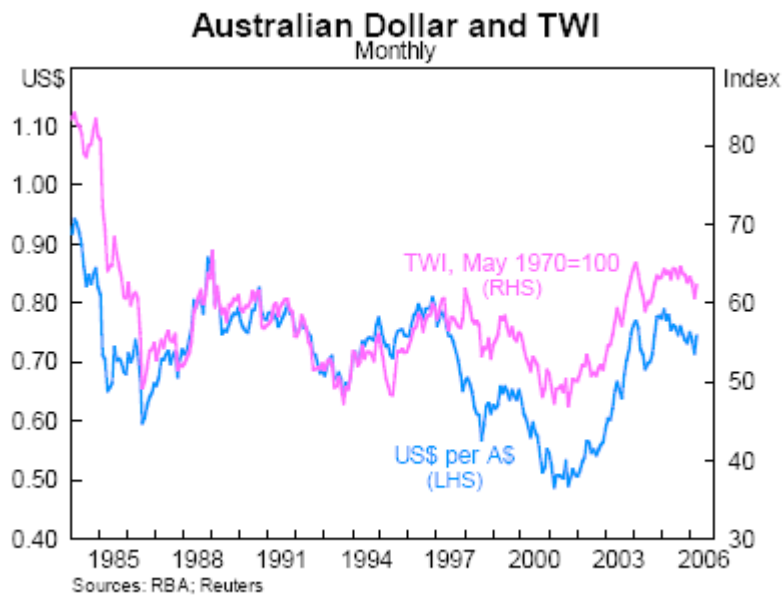


- a) Distinguish between net foreign debt and net foreign equity (2 marks)

[illegible]

[illegible]

Question 12 (10 marks)
Australia's Exchange Rate



a) Identify ONE factor affecting the supply of the Australian dollar (1 mark)

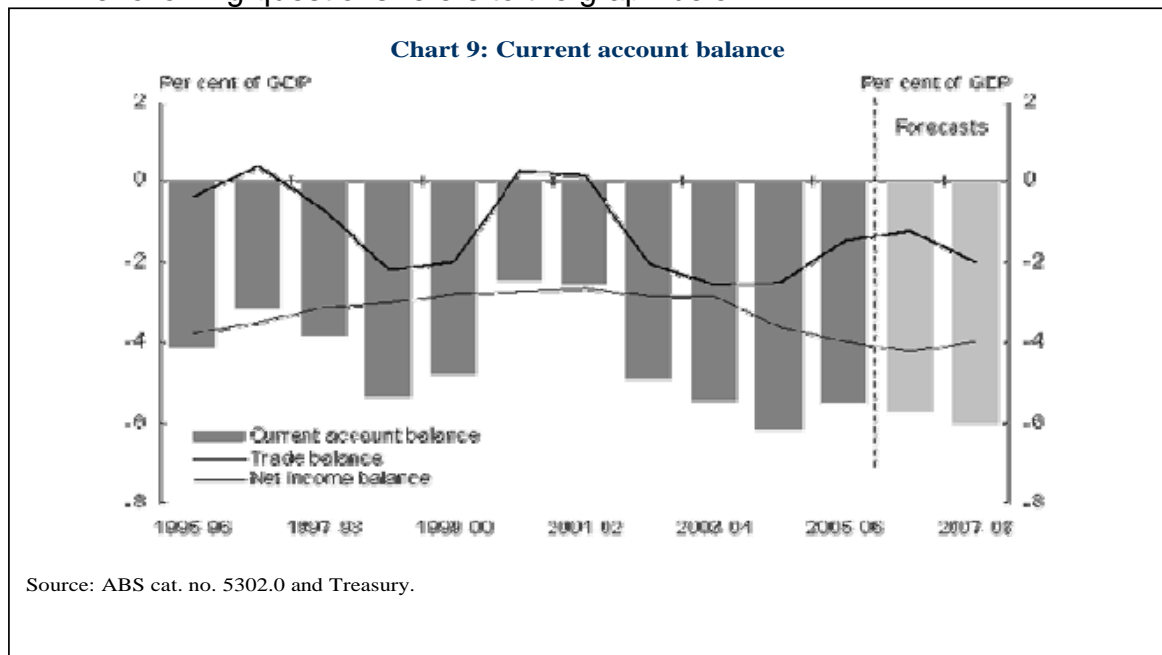
b) Define the term exchange rate (2 marks)

c) Describe what is meant by a floating exchange rate (3 marks)

d) Outline the effects of fluctuations in the Australian dollar on Australia's exports (4 marks)

Question 24 (10 marks)

The following questions refers to the graph below



- a) Identify the two main components of the Balance of Payments. (1 mark)

- b) Describe one factor contributing to the size of Australia's current account deficit. (2 marks)

[illegible][illegible]

SECTION III

20 marks

Attempt either Question 14 or Question 15

Allow about 35 minutes for this section

Answer the question in a writing booklet. Extra writing booklets are available.
In your answer you will be assessed on how well you:

- ❖ Use economic data
- ❖ Apply economic terms, concepts, relationships and theory
- ❖ Present a sustained, logical and well-structured answer to the question

Question 14

Analyse the impact of protection on the global economy.

OR

Question 15

Critically analyse the impact of globalisation on the performance of an economy other than Australia.